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Convicted partner of Ponzi schemer Scott Rothstein tells his story

Steve Caputi was sentenced to five years for his role in scheme

By Bob Norman

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- Investigative Reporter

Posted: 11:55 PM, November 06, 2015

Updated: 11:55 PM, November 06, 2015

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BROWARD COUNTY, Fla. - The homemade video shows billion-dollar Ponzi criminal Scott Rothstein sitting in the back of a limousine on his way to Yankee Stadium, a glass of vodka in his hand, lecturing to several children -- relatives and family friends -- who are attending the baseball game with him.

"Here's one thing you should learn about me that's really important, everybody pay attention," Rothstein said. "If you are going to attack me in any fashion, be prepared for the counter attack and understand that I duel with people much much smarter than you every day. Understand that the repercussions of engaging me could open the gates of hell. Understand that I am capable of evil far beyond anything your imagination could ever conjure up."

A voice from behind the camera pipes up: "I can verify this as actual fact."

The voice is that of Steve Caputi, a partner with Rothstein in the Café Iguana nightclub in Pembroke Pines and one of his closest friends. Caputi - or "Pooter" as Rothstein, who was fond of giving his friends nicknames, called him -- said he loved Rothstein like a brother and had been friends with him since the early 1990s when the attorney was working out of a cubicle in Howard Kusnick's small law office in Sunrise and still married to his first wife. His videos include Rothstein in the limo, in a private jet, and at lavish parties for Rothstein's law firm, Rothstein Rosenfeldt Adler, thrown at Café Iguana. Their friendship, and the law firm, fell apart in 2009 when Rothstein's Ponzi scheme exploded.

Rothstein is now serving a 50-year prison sentence and Caputi was sentenced to five years on a fraud charge for pretending to be a TD Bank account manager and reassuring the scheme's nervous investors Rothstein's fake accounts were real. He played other roles as well, once posing as a Wall Street Journal reporter to help pull a fast one on another of Rothstein's business associates.

"I wanted to believe [in Rothstein]," he said. "He had all the things I would have liked to have had ... Of course the money was a draw but I was his buddy long before he had flash money and I was going to ride his coattails in, all the way to Wall Street."

Today, Caputi, a Cornell graduate, is banned from the nightclub business in which he'd worked for more than three decades, and said he is working as a file clerk for \$10 an hour. He had no easy ride in federal prison, spending 72 days in solitary confinement before his release from a halfway house in December.

"I didn't have it in my mind that I was helping him to scam millions of dollars," Caputi said. "I had it in my mind that I was doing something that he asked me to do and I probably should have questioned him more than I did. But given the mental state I was in and the years of trust I had built up with him, it was no more than a fleeting thought."

Caputi is one of about 30 former Rothstein associates to be sentenced to prison in connection to the Ponzi scheme and the first to speak publicly about his experience. He has also published a book, "I Should Have Stayed In Morocco," an at times riveting account about his experiences with Rothstein and time in prison, the

title referencing Caputi's trip to Morocco to join Rothstein after the fraudster initially fled the country when his Ponzi scheme exploded in late October 2009.

He said he watched Rothstein rise from a middle-class workaday lawyer into a would-be mogul, with numerous properties, dozens of expensive cars, a stake in a number of business ventures, and a 70-plus member law firm, Rothstein Rosenfeldt Adler. And he and Rothstein were fast friends throughout the wild ride. At times literally.

"We'd take one of his Ferraris out and we'd ride to South Beach and he'd go 140 miles per hour, because he was also a trained race car driver, weaving in and out of traffic," Caputi said. "I said, 'Listen, aren't you afraid of getting a speeding ticket? He told me we could ride down the street and fire off shotgun blasts and it wouldn't do anything. We went to nightclubs and spent a lot of money. We went to strip clubs. We had Fridays with the Capital Grill gang [a group of Rothstein associates rumored to have been associated with organized crime]. I can still see smell the cigars he was smoking and his martinis, his Ketel Ones and his aftershave and see the things on his desk and see his movements and his quirks and his tics."

Rothstein represented Café Iguana during the 1990s as an attorney, and that's when Caputi said they began both their close friendship and their "role-playing" together during mediation sessions with plaintiffs who were suing the club for slip and falls, injuries, and the like.

"He would give me the cue, and he had primed me beforehand, when to stand up and go roll a couple of chairs and start yelling and leave the room and start cursing and acting like a crazy nightclub owner," Caputi said. "Once I stormed out of the room he'd come and corral me in the parking lot and we'd smoke a cigar or two and have some laughs."

That was how it all started; Caputi said Rothstein called it the "game" and said playing it was the only route to success.

"He said, 'Listen, Trump operates the same way, the politicians operate the same way, when there's a problem you fix it,' he said. "Sometimes you go outside the rules. Everybody does it, that's how it's done. That's how you get to the top."

And Caputi rode along as Rothstein's meteoric rise began, until both of them were hobnobbing with Donald Trump at his Mar-A-Lago estate. He said Trump was one of Rothstein's idols and Trump returned the respect in a big way one night at an event at the lavish Palm Beach spread.

"Donald Trump puts his arm around Scott and says, 'You know, people you're looking at probably the next United States Attorney General,'" Caputi said. "And Scott's trying to look all modest, and Arlen Specter chirps in and says, 'Maybe someday a president of the United States.' And the whole room explodes with applause like the floor of a convention."

Caputi said he believed Rothstein, who bought a majority stake in Cafe Iguana with Caputi as a minority partner, would ultimately bring him to the big time in the

nightclub business, funding an international expansion of Cafe Iguana. But first he had other ideas, namely using him as a tool in his fraud. He recalled getting a call from Rothstein one day with some strange instructions.

"He said, 'Listen, I don't have a lot of time, follow my instructions, go home, shave, put on a suit, go to the bank and follow my lead,'" Caputi recalled.

He said he did just that, posing as an account manager at the Weston branch of TD Bank, assuring his investors that whatever Rothstein said about the accounts was true. He said it was just another game Rothstein was playing and he didn't know his friend was running a Ponzi scheme.

"I had no idea that he was trying to scam them for millions of dollars," said Caputi. "I would have lit myself on fire and headed for the Everglades if I thought that was the case."

At one point he said he confronted Rothstein about the roles and the lies.

"I said, 'Scott, I don't want to get in any trouble over this, what's going on?' He looked at me like he was going to cry," said Caputi. "He basically told me he was highly offended and upset that I would think he would place me in harm's way in any way. I felt terrible about it."

When the Ponzi collapsed and Rothstein initially fled to Morocco, Caputi was one of the select few he summoned to join him in Casablanca. He said Rothstein opened the call with the question, "Guess where I am?" And he says he immediately knew his vodka-swilling, pill-popping pal was sloshed.

"Clearly you're drunk and you're falling off a bar stool somewhere," he says he told Rothstein.

Rothstein told him he was in Morocco and that he needed Caputi to fly to Marrakesh to meet with him.

"He convinced me to fly to Morocco," said Caputi. "He said it was the biggest thing of all time."

Caputi flew out and found Rothstein with a small entourage -- William "Uncle Bill" Boockvor, the late bodyguard Bob Scandiffio, and a guide he'd met in South Florida -- at a posh hotel. **In the book**

(<https://web.archive.org/web/20160526133122/http://stevecaputi.com/>)

he describes Rothstein as intermittently sullen and hung over and at other times drunken and nearly incoherent. He said he had no idea what was going on before a trip to Casablanca during which Rothstein spent a good deal of time at Banco Populaire.

He said he learned that Rothstein had set up a million dollar bank account in Caputi's name when Rothstein said to him, 'Congratulations, you're a millionaire.'

"I said, 'What?' He said, 'Yeah that's the money we're going to use for Cafe Iguana Casablanca and Marrakesh,'" said Caputi. "'You're going to build an international chain of nightclubs. I've decided to expand.'"

Caputi said he was ecstatic.

"I was counting my money already," he said.

But Later Rothstein called him up to his hotel room, where Caputi said he found him pacing back and forth in his underwear. He said there were several briefcases in

Convicted partner of Ponzi schemer Scott Rothstein tells his...
the room.

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"Just bursting with cash," he said, estimating there was \$20 million in the room, as well as two large bags full of expensive watches.

"At least now I know what 20 million bucks worth looks like," he said.

He said an at times emotional Rothstein told him he was going back to Fort Lauderdale because he was in trouble and would have to do a stint in prison. Caputi said Rothstein told him he was going back to face the music and make things right and that while he was away for a "couple of years" he wanted Caputi to take care of his business affairs and his wife, Kim.

"They left in the middle of the night, the G5 took off," said Caputi.

He said he stayed behind and continued scouting potential bar locations in Morocco, unaware of the storm brewing in South Florida, as the Rothstein Rosenfeldt Adler firm collapsed and a federal investigation that has led to more than two dozen convictions, including Caputi's.

"Meanwhile back at the ranch I guess things are blowing up," said Caputi, who said he learned of the enormity of what was happening from friends' texts. "I was stunned."

Caputi said he had hopes that Rothstein would protect him, saying he promised as much in Morocco. But his "role-playing" for Rothstein led to the fraud charge and guilty plea.

"Maybe I never was his friend, maybe he planned this for 15 years, maybe it was diabolical," said Caputi. "He was a good actor."

When it was pointed out that he too was a good actor he thought about it for a moment and said, "Apparently."

"I'm not looking for sympathy," he said. "I broke the letter of the law, I broke the rules, I paid the price. I wound up losing my house, my beautiful house where I raised my daughter. Basically the day I went into prison I had my last \$173. I was pounded just as bad or worse than anybody. I lost everything. I lost my freedom, my dignity, my self-respect, my reputation."

Incredibly, while he said he might "pop" Rothstein a couple of times if he were to see him, he still seems to have a soft spot for him.

"Things went wrong and my life got pretty much destroyed because of it, but I'm sad for him," he said. "I don't hate him like people think I should. He was my friend and yeah he lost his mind. Part of me still loves my old friend. The years of all the medications and the pills and the drinking and the carousing and the girls and once he got a taste of the big money something in his head went haywire. At some point it didn't bother him that he was exposing his friends and his coworkers and his partners to trouble."

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